



Department of Justice

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**NEW YORK SUPPLIER OF ADVERTISING AND DISPLAY MATERIALS CHARGED
WITH CONSPIRACY IN CONNECTION WITH KICKBACK SCHEME**

WASHINGTON, D.C. --The Department of Justice today charged a Manhattan supplier of advertising and display materials with participating in a conspiracy with one of his customers, in which he paid approximately \$200,000 in kickbacks and improperly reported the kickbacks on his federal tax returns.

The one-count indictment, filed today in U.S. District Court in Manhattan, charges Alvin Appel, the owner of Artstaff Marketing Ltd., with participating in a conspiracy to evade income taxes, obstructing the Internal Revenue Service, and mail fraud.

The prosecution of Appel is the latest to arise out of a joint investigation between the Antitrust Division's New York Field Office and the United States Attorney's Office for the Southern District of New York, with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation Division. The investigation is continuing.

"The Antitrust Division is committed to prosecuting conduct that prevents free and open competition in any market," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "The defendant's behavior in this case, helped to corrupt an executive at Austin Nichols, to subvert that company's procurement process, and to freeze out other legitimate competitors. As a result, the company was denied the benefits of competition."

According to the charges, Appel paid the kickbacks between 1990 and 1996 to Bruce

Schwartz, a former vice president of marketing at Austin Nichols & Co. Inc. Appel paid the kickbacks to Schwartz as payment for contracts for advertising and display materials and services that were awarded to Appel's company. Schwartz earlier pled guilty to a tax charge and was sentenced to a year in prison.

The investigation developed as a result of evidence uncovered during the Antitrust Division's investigations and prosecutions of bid-rigging, commercial bribery, and tax-related offenses in the point-of-purchase advertising and display industry. As a result of the investigation to date, 27 individuals and nine corporations have already pleaded guilty to various federal charges. Earlier prosecutions have involved employees or suppliers at Philip Morris Inc. (New York), Heublein Inc. (Farmington, Conn.), Hiram Walker & Sons Inc. (Southfield, Mich.), Warner-Lambert Co. (Morris Plains, New Jersey), Austin Nichols & Co. (New York), Lorillard Tobacco Co. Inc. (Greensboro, North Carolina), Joseph E. Seagram & Sons Inc. (New York), and Domecq Importers Inc. (Old Greenwich, Conn.).

Austin Nichols, based in Manhattan, is best known for marketing Wild Turkey bourbon. It is an American subsidiary of Groupe Pernod Ricard, a multinational corporation headquartered in France. Artstaff Marketing designed and brokered the production of point-of-purchase advertising and display materials for Austin Nichols, including T-shirts, jackets, patio umbrellas, and similar promotional items.

Appel, a resident of Pomona, New York, faces a maximum sentence of up to five years in prison and a fine of the greatest of \$250,000 or twice the gain or twice the loss from the offense.

Anyone with information concerning bid rigging, bribery, or fraud in the advertising and display materials industry should contact the New York Division of the FBI at (212) 384-1000.

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